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DICTIONARY OF KEY TERMS

PREFACE:

Clear language, if shared and used, facilitates learning and effective functioning of an organization.

In management some key expressions are used frequently, yet their meanings vary in different countries, companies and even within companies.

To avoid semantic difficulties, we propose that the following definitions be adopted for the duration of the program.

VALUES:

Personalized beliefs about what is desirable, worthwhile, justifiable.

They should mobilize and amplify an organization's energies and, therefore, need to be understood and shared.

Example: "Competition leads to greater efficiency."

MISSION:

Socio-economic purpose of a corporation. The kind of business the firm is in. Best defined in terms of satisfaction of needs, convertible into effective demands, in response to the questions:

What needs ?

Whose needs ?

Offering what value to the customer ?

The mission should be clear and expressed in terms of service or satisfaction to be rendered.

Example: "Personalized car transportation for individuals in lower income brackets. Low cost, convenience, reliability."

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OBJECTIVES:

Specific aims, milestones and results of actions, defined in answer to the question :

What are we trying to achieve within our corporate mission ?

Objectives should be measurable, feasible, time specific, and cover all areas critical to the viability of the corporation.

Example: "Increase the market share in the U.S. for product X from 13 to 20 % within 4 years."

POLICIES:

Guidelines for choice and for action. They should be consistent with values, respectful of laws and mores, and anticipate potential conflicts between objectives.

Examples: "Full ownership of foreign subsidiaries is preferred."

"We pay taxes where income is earned."

STRATEGY:

A set of major decisions and/or action programs, reflected in the allocation of resources, aiming at a selected product(service)-market posture to achieve chosen objectives, within the corporate mission.

Strategy should be explicit and serve as the basis for rules of inclusion and exclusion. It should be compatible with external opportunities and an organization's capabilities.

Example: "Shift of Latin American-rooted agricultural, distributing and shipping business to North American-based integrated chemical industry."